



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0601	Title:	Establish minority and women business development office
Primary Sponsor:	Small-Eastman, Veronica	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$108,577	\$128,658	\$131,874	\$135,171
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$108,577)</u>	<u>(\$128,658)</u>	<u>(\$131,874)</u>	<u>(\$135,171)</u>

Description of Fiscal Impact:

HB 601 is an initiative to increase the participation by minorities and women in publicly funded (state, local, and federal government) contracts by establishing a Minority and Women's Business Development Office in the Montana Department of Commerce to coordinate access to public contracting opportunities.

FISCAL ANALYSIS

Assumptions:

Department of Commerce (DOC)

- HB 601 requires the Minority and Women's Business Development Office (Office) to work with the DOC to adopt rules to establish criteria for certification of minority businesses and women businesses as small business disadvantaged concerns and to help minority businesses and women businesses in the state to access procurement contracts.
- HB 601 also mandates that the office implement and manage a database system for reporting on the number and location of minority businesses and women business in the state and develop a quantitative methodology to monitor participation by number and by financial totals contracts entered into by minority business and women businesses with public employers.

3. The office would also accept applications and certify eligible minority businesses and women businesses as small business disadvantaged concerns to help these businesses to obtain federal, state, or local procurement bids when applicable. Recommendations for state and local government procurement policies must be provided biennially to the Governor, the Legislature, and the Economic Development Advisory Council, established in 2-15-1820, MCA. Procurement recommendations can only be made for minority businesses and women businesses certified as small business disadvantaged concerns.
4. The office would coordinate it's efforts with existing programs: Montana Department of Administration's Procurement Bureau, Montana Department of Transportation's Disadvantaged Business Enterprise Program, Federal Small Business Administration's District Office - 8(a) and HUBzone Programs, Montana Procurement Technical Assistance Program's 4 field offices, federal field representative for Montana Indian Procurement, DOC network of 10 statewide Small Business Development Centers, DOC Made in Montana Program, DOC Indianpreneur Technical Assistance Program, DOC MicroBusiness Finance Program's network of 5 revolving loan funds, Montana Indian Business Alliance, and there may be additional programs not yet been identified.
5. The DOC would require 2.00 FTE initially to perform the duties mandated in the bill: 1.00 FTE to administer the program, i.e. coordinate information and processes of programs that are already in place to assist minority and women-owned small businesses obtain government contracts. The Office Coordinator would also provide the outreach to market the program, develop the certification criteria and application, accept applications, certify eligible minority and women-owned businesses, and maintain the list of certified eligible businesses in a database. The Coordinator would work with the existing programs listed above to collect all minority and women-owned businesses that are certified through these other programs. 1.00 FTE at a Pay Band 4 would be administrative support, assisting with administration of the database – collecting the data and entering it into the database. For the 2.00 new FTE, the estimated personal services costs are \$98,964 in FY 2008 and \$99,040 in FY 2009.
6. An increase in operating expenses is also assumed with the addition of 2.00 new FTE. The estimated operating expenses is \$45,805 in FY 2008 and \$29,618 in FY 2009. The estimated FY 2008 operating costs include new employee start-up costs and \$10,000 to develop and implement the database mandated in the bill.
7. A 2.5% inflation has been applied to FY 2010 and FY 2011.
8. The bill does not have an effective date (default 10/1/2007); therefore costs are shown as 75% for FY 2008.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.50	2.00	2.00	2.00
<u>Expenditures:</u>				
Personal Services	\$74,223	\$99,040	\$101,516	\$104,054
Operating Expenses	\$34,354	\$29,618	\$30,358	\$31,117
TOTAL Expenditures	\$108,577	\$128,658	\$131,874	\$135,171
<u>Funding of Expenditures:</u>				
General Fund (01)	\$108,577	\$128,658	\$131,874	\$135,171
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$108,577)	(\$128,658)	(\$131,874)	(\$135,171)

Technical Notes:

1. The bill does not contain an effective date therefore the program could not be implemented until October 1, 2007. If it is the sponsor's intent to implement the program at the beginning of the state fiscal year then HB 601 should be amended to so state.

Sponsor's Initials

Date

Budget Director's Initials

Date